

0150-11520-0001

TRANSMITTAL

TO Eugene D. Seroka, Executive Director Harbor Department	DATE 12/01/21	COUNCIL FILE NO. 19-1485
FROM The Mayor	COUNCIL DISTRICT 15	

PROPOSED SECOND AMENDMENT TO AGREEMENT NO. 16-3431 WITH TETRA TECH, INC. FOR ADMINISTRATION OF THE CLEAN TRUCK PROGRAM

Transmitted for further processing and Council consideration. See the City Administrative Officer report attached.



MAYOR
(Rich Llewellyn for)

MWS:JCY:10220037f

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

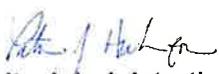
Date: November 19, 2021

CAO File No. 0150-11520-0001

Council File No. 19-1485

Council District: 15

To: The Mayor

From: 
Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from the Harbor Department dated September 30, 2021; referred by the Mayor for report October 14, 2021

Subject: **PROPOSED SECOND AMENDMENT TO AGREEMENT NO. 16-3431 WITH TETRA TECH, INC. FOR ADMINISTRATION OF THE CLEAN TRUCK PROGRAM**

RECOMMENDATIONS

1. That the Mayor:
 - a. Approve the Harbor Department (Port) Resolution No. 21-9899 authorizing a proposed Second Amendment to Agreement No. 16-3431 (Agreement) with Tetra Tech, Inc. to continue providing concession, grant administration, and supporting services for the Clean Truck Program (CTP) for two additional years, through December 31, 2023, for a total term of seven years, and increased compensation limit of \$5.48 million;
 - b. Return the Resolution documents to the Port for further processing, including Council consideration; and,
2. That the Port complete a full economic analysis in accordance with Charter Section 1022, should it pursue further extension of the Agreement or a new contractual agreement for CTP administration.

SUMMARY

The Harbor Department (Port) Board of Harbor Commissioners (Board) requests approval of Resolution No. 21-9899 authorizing a proposed Second Amendment to Agreement No. 16-3431 (Agreement) with Tetra Tech, Inc. (Tetra Tech) to continue providing concession, grant administration, and support services for the Clean Truck Program at the Port of Los Angeles (POLA). The proposed Second Amendment extends the term of the Agreement by approximately two years, to December 31, 2023; modifies the Scope of Work to include support for the latest round of drayage truck concession agreements, 2017 Clean Air Action Plan updates, and resulting

Port Drayage Truck Registry enhancements; updates billing rates; and, increases the maximum total compensation of the Agreement by \$1.5 million for a total seven-year limit of \$5.48 million.

BACKGROUND

The Clean Truck Program (CTP) was established in 2008 and is a key component of the San Pedro Bay Clean Air Action Plan (CAAP). The CAAP is a collaboration of the POLA and Port of Long Beach (POLB) to establish a comprehensive strategy for reducing port-related air pollution and related health risks, while allowing port development, job creation, and economic activity associated with that development to continue. The CAAP was most recently updated in 2017. The purpose of the CTP is to incentivize the early transition of an aging fleet of drayage trucks into environmentally beneficial, safe, and secure vehicles as required by California state law. The 2017 CAAP contains updated CTP implementation strategies to provide new incentives to further modernize the existing fleet of 18,000 trucks that service POLA, approximately 850 of which are currently powered by alternative fuels.

Tetra Tech currently provides concession, grant administration, information technology (IT) support, and support services for the CTP, including administering over 1,200 licensed motor carrier concession agreements required for drayage vehicles to service POLA. Other responsibilities include program management, registration, and grant administration; fee collection, inspection and enforcement; maintaining the Ports Drayage Truck Registry (PDTR); and providing customer service through management of the CTP Terminal Access Center and Helpline. The proposed Second Amendment continues these services for an additional 25 months, from December 2, 2021 through December 31, 2023, and adds PDTR enhancements and other support for the 2017 CAAP-related updates. The updated Scope of Work also increases the budget for each CTP task, for a total increased cost of \$1.5 million, and updates hourly rates for Tetra Tech and sub-contractor staff support. The updated Agreement term aligns with Tetra Tech's agreement with the POLB.

Tetra Tech is a global consulting and engineering company with headquarters in Pasadena, California. Tetra Tech has administered the CTP for the Port and POLB (Ports) since its inception in 2008, when the Board selected Tetra Tech through a joint Request for Proposals (RFP) process with POLB that resulted in separate consulting services contracts between Tetra Tech and each respective port. The Port amended and extended Agreement No. 08-2702 four times with Tetra Tech for a total term of eight years, ending in December 2016 (C.F. 11-1275). In June 2016, the Ports released a new joint RFP for "Clean Truck Program Administration Services," resulting in the selection of Tetra Tech and the current Agreement. The current Agreement with Tetra Tech was originally for a term of three years from December 2, 2016 through December 1, 2019, with a total contract limit of \$2.2 million. The First Amendment to the Agreement extended the term by two years, through December 1, 2021, at an estimated annual cost of \$0.89 million with a five-year total contract limit of \$3.98 million. The Port reports that utilizing the same consultant to administer both programs has increased efficiency and provided significant cost savings from, for example, using the same shared staff at both ports to administer IT support services, and another shared team to provide multi-lingual services for the CTP Access Center and Helpline. The POLB Board recently

approved extension of its agreement with Tetra Tech through December 31, 2023, with rates similar to the proposed Second Amendment rates.

The Port reports that CTP Concession Application Fees, annual Truck Fees, and Day Pass Fees, which have averaged approximately \$2 million annually over the past seven years, offset CTP administration expenditures. The Port estimates spending \$250,000 under the Second Amendment in 2021-22 and has budgeted a total of \$1.3 million in 2021-22 for CTP program administration and special studies in the Harbor Revenue Fund.

CITY COMPLIANCE

Port staff previously considered incrementally transferring CTP administrative tasks in-house to be performed by Port employees. Pursuant to Charter Section 1022 (1022), as part of the contract proposal and review process in 2016, the Port determined that City employees do have the expertise to perform some of the work, but that it was more feasible to hire contractors due to the temporary duration of the work and lack of staffing availability. The proposed Second Amendment removes CTP Task 6 "System Migration and Staff Training." The original 2016 Agreement with Tetra Tech included Task 6 to explore migrating operation of the CTP to City employees and Port-hosted computer servers as City employees became available or were hired to assume the tasks. However, the Port states that keeping the work with Tetra Tech under the Agreement was more cost effective than bringing the work in-house, partly due to cost savings from sharing Tetra Tech CTP staff costs and work with the POLB. Port staff also stated that it plans to issue a new request for proposals (RFP) for CTP administration to coincide with the ending of the proposed Second Amendment. It is recommended that a full economic analysis be performed at that time to evaluate the cost effectiveness of outsourcing the work to meet the 1022 requirements of the RFP process.

The City Attorney has reviewed and approved the proposed Second Amendment as to form and legality. The proposed Second Amendment and Agreement include provisions to ensure compliance with applicable City Ordinances and contracting and insurance requirements, the State Tidelands Grant trust, and Port Financial Policies. In accordance with Charter Section 373 and Administrative Code Section 10.5(b)(2), the Amendment and Agreement require Council approval because the total term of the Agreement exceeds three years and estimated annual compensation exceeds the exemption limit of \$163,016. The Port has determined that the proposed Second Amendment is an activity involving basic data collection and research, and is, therefore, categorically exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article III, Class 6(2) of the Los Angeles City CEQA Guidelines.

FISCAL IMPACT STATEMENT

The proposed Second Amendment to Agreement No. 16-3431 between the Harbor Department (Port) and Tetra Tech, Inc. for Clean Truck Program (CTP) administration extends the Agreement by two years and one month, for a total term of seven years and one month, and increases the contract budget by \$1.5 million from \$3.98 million to \$5.48 million. CTP administration expenditures

are offset by revenue from CTP Concession Application Fees, annual Truck Fees, and Day Pass Fees, which have averaged approximately \$2 million annually over the past seven years. Expenses incurred under the Agreement are the responsibility of the Port, and applicable funding is available from the Harbor Revenue Fund. Future funding needs will be requested through the annual budget process and are subject to approval by the Board of Harbor Commissioners. The proposed Second Amendment complies with Port Financial Policies and has no impact on the City General Fund.

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